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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Application for Authority Pursuant to Section 214 of the Communications Act of 1934, as amended for Transfer of Control of Authorizations to Provide International Resold Communications Services	)))))))	CS Docket No. 98-178

COMMENTS OF MCI WORLDCOM, INC.

MCI WORLDCOM, Inc. (MCI WorldCom) hereby submits its comments supporting the joint application of Tele-Communications, Inc. (TCI) and AT&T Corp. (AT&T) (Applicants) for approval of their proposed merger, with certain conditions.[1]

I. INTRODUCTION AND SUMMARY

The Commission must determine whether AT&T/TCI have carried their burden to demonstrate that the proposed acquisition will serve the public interest, convenience and necessity.[2] In order to find that a merger is in the public interest, the Commission must, for example, be convinced that it will enhance competition. Further, section 7 of the Clayton Act prohibits mergers whenever there is a reasonable probability that there would be less competition in a given market after a proposed merger than there would be if the merger did not occur. MCI WorldCom generally supports the proposed merger because it would increase facilities-based competition in the local market.

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[1] Tele-Communications, Inc., Transferor, AT&T Corp., Transferee, Application for Authority Pursuant to Section 214 of the Communications Act of 1934, as amended, for Transfer of Control of Authorizations to Provide International Resold Communications Services, File No. I-T-C-98-178 (filed Sept. 14, 1998) (Application).

[2] 47 U.S.C. § 214. 47 C.F.R. ¶ 63.18.

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[2] 47 U.S.C. § 214. 47 C.F.R. ¶ 63.18.

However, to the extent that AT&T/TCI uses its cable television infrastructure to provide local, long distance, and advanced telecommunications services,[3] AT&T/TCI should be subject to the requirements of Title II, particularly sections 251(a) and (b) of the Telecommunications Act of 1996 (1996 Act). There should be no regulatory distinction between telecommunications services provided over cable facilities versus the traditional telephony infrastructure. Nor should the classification of a provider of services depend on the type of facilities used.[4] As such, the fact that cable infrastructure will be used to provide telecommunications services is immaterial. The Commission should expressly state that, as a provider of telecommunications services, including traditional local voice and advanced services as well as long distance services, AT&T/TCI will be subject to the interconnection, resale, number portability, dialing parity, rights-of-way and reciprocal compensation requirements of sections 251(a) and (b) of the 1996 Act.

Moreover, AT&T's acquisition of TCI, one of the largest cable monopolies in the country, would give AT&T access to an alternative source of infrastructure that extends to millions of residences. AT&T's plans to significantly invest in TCI's cable infrastructure will enable the cable system to support two-way interactive local services, including telephony and high-speed Internet access. The planned significant investment in and upgrade of TCI's cable infrastructure, coupled with the ubiquitous deployment of TCI's system, would give the newly combined company the largest facilities-based network owned by a single competitive local exchange carrier (CLEC).

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[3] Application at 15.

[4] Universal Service Report to Congress at ¶ 59.

It should not be ignored that the market in which the Applicants will offer these advanced services is different from the market for which they perform their public interest analysis. Interestingly, the Applicants contend that they intend to offer a suite of regionally specific, integrated cable services.[5] If the Commission accepts the Applicants' classification of their proposed services as cable services, AT&T/TCI would be permitted to avoid its obligations under Title II, which apply to all other telecommunications services providers.

Most services currently categorized as information or Internet services do not meet the statutory definition of cable service.[6] MCI WorldCom believes most information and advanced services are not cable services because Internet users typically interact with and collect information outside the closed transmission paths associated with the operation of a cable system.[7] Moreover, the diversity of information available over the Internet is directly attributable to end users gaining non-discriminatory access over common carriers' facilities to Internet service providers and content providers. The public interest warrants a policy of open access to the facilities over which AT&T/TCI offers its suite of integrated services.

In order to ensure that the merged company is not able to leverage its dominance over

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[5] Application at 15.

[6] "[T]he term 'cable service' means (A) the one-way transmission to subscribers of (i) video programming, or (ii) other programming service, and (B) subscriber interaction, if any, which is required for the selection of such video programming or other programming service." 47 U.S.C. § 602(6). In the event that the Commission determines that AT&T/TCI's services are cable services, other issues need to be seriously considered. For example, the merged company will be in violation of the Commission's Rules implementing Section 11(c) of the Cable Television Consumer Protection and Competition Act of 1992. 47 C.F.R. § 76.503.

[7] "The term 'cable system' means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which includes video programming and which is provided to multiple subscribers within a community." 47 U.S.C. § 602(7).

multichannel video programming distribution services into dominance and exclusive control over the provision of broadband information access services, the Commission should: 1) grant information service providers and communications carriers non-discriminatory access to AT&T/TCI's local and regional loop facilities unbundled from any content; and 2) require the merged company to allocate costs among cable and non-cable services according to more detailed cost allocation rules.

Accordingly, the Commission should condition approval of this merger on the implementation of equal access requirements, and compliance with obligations under sections 251(a) and (b) as well as the unbundling of the cable infrastructure. Furthermore, the Commission should be very specific in imposing conditions and require that conditions be implemented before the merger closes. In particular, the Commission should approve the proposed merger only if AT&T/TCI first provide a satisfactory plan that explains in detail how the merged company will satisfy its interconnection, resale and other requirements of section 251(a) and (b).

II. AT&T/TCI SHOULD BE REQUIRED TO PROVIDE INTERCONNECTION, RESALE AND UNBUNDLING OF THEIR TELEPHONY AND DATA SERVICES

To the extent AT&T/TCI uses cable infrastructure or its network facilities to provide local telephony services, it should be subject to the interconnection, resale, number portability, dialing parity, rights-of-way and reciprocal compensation requirements of section 251(a) and (b), like all other local exchange carriers. AT&T/TCI appears to create a distinction between "cable telephony" and telephony provided over traditional telephony infrastructure. We see no justification for such a regulatory distinction.

Once the merged entity commences the provision of telephony services over its cable infrastructure, those services must be subject to Title II regulation. As MCI WorldCom stated in its comments in response to the Commission's Notice of Inquiry pursuant to section 706,[8] Title II of the Communications Act applies to the provision of telecommunications services, regardless of the technology used to provide the service.

Accordingly, the fact that AT&T/TCI plans to provide "cable telephony" over its cable network cannot mean that it must be regulated under Title VI.[9] The key is that AT&T/TCI will be providing telecommunications services -- which are subject to sections 251(a) and (b) obligations. As the Commission has previously stated, "as a general policy matter, all telecommunications carriers that compete with each other should be treated alike regardless of the technology used unless there is some compelling reason to do otherwise."[10] There is no such reason. Indeed, the Act expands the definition of "telephone exchange service" to include "comparable service" provided through local exchange plant or a system of "other facilities."[11] The 1996 Act also clearly indicates that telecommunications services are not based on the facilities that are used to provide such services.[12]

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[8] Joint Comments of MCI Communications Corporation and WorldCom, Inc., *In re Inquiry Concerning the Deployment of Advanced Telecommunications Capabilities to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996*, Notice of Inquiry, CC Docket No. 98-146 at 28, (filed Sept. 14, 1998).

[9] Application at 21.

[10] Implementation of the Local Competition Provisions of the Telecommunications Act of 1966, CC Docket No. 96-98, FCC 96-325 at ¶ 993 (rel. Aug. 6, 1998).

[11] 47 U.S.C. § 153(47)

[12] The Act defines telecommunications service as "[t]he offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, *regardless of the facilities used*." (Emphasis added.)

Additionally, the Commission has determined that when, as here, a company provides both telecommunications and information services, it must be classified as a telecommunications carrier for purposes of section 251 and is subject to section 251 obligations to the extent it is acting as a telecommunications carrier.[13] It follows that because AT&T/TCI is subject to section 251 obligations, it cannot, pursuant to section 251(b)(1), impose unreasonable or discriminatory conditions or limitations on the resale of its telecommunications services.[14] This is significant. The Commission has determined that the prohibition against discriminatory conditions pursuant to section 251(b)(1) imposes a more stringent standard than the ban against "unreasonable or unjust discrimination" for charges or practices in section 202(a).[15]

If classified as cable services because they are provided over cable infrastructure, as the Applicants seem to argue, AT&T's/TCI's advanced services (such as high-speed Internet access) would be subject to Title VI, not Title II, regulation. The Applicants imply that Title VI should govern telephony services, high-speed Internet access and any other advanced services provided over cable. The Commission has already concluded in the Advanced Services Order that the interconnection obligations of section 251 of the Act apply equally to facilities and equipment used to provide advanced services.[16] Therefore, in accordance with Commission precedent, the Applicants' attempt to rely on Title VI regulation must fail.

The Applicants also claim that "the [m]erger will increase the availability to consumers

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[13] Local Competition Order, ¶ 995.

[14] 47 U.S.C. § 251(b)(1)

[15] Local Competition Order, ¶ 217.

[16] Deployment of Wireline Services Offering Advanced Telecommunications Capabilities, *Memorandum Opinion and Order*, CC Docket No. 98-47, FCC 98-187 (rel. Aug. 7, 1998).

of a wide array of packaged and a la carte services — including local, long distance and wireless telecommunications services, as well as video and content-enriched high-speed Internet services."[17] The promised availability of these service on an a la carte basis must be realized in fact. Indeed, section 251(b)(1) requires all telecommunications carriers make their telecommunications services available for resale, and prohibits the imposition of unreasonable or discriminatory restrictions or limitations on the resale of their telecommunications services. To the extent that bundling of any service with telecommunications services, such as local, long distance and advanced services, would constitute an unreasonable or discriminatory restriction on the ability of competitors to resell AT&T/TCI's services, the Commission should clarify that such bundling would violate section 251(b)(1).

As a result, the merger should be approved with conditions intended to foster competition in the local market and the already competitive long distance market. It is imperative that this Commission condition approval of the instant merger with a requirement that the merged entity comply with all of its section 251(a) and (b) obligations. MCI WorldCom therefore urges the Commission to conditionally grant approval of the AT&T/TCI merger.

III. AT&T/TCI SHOULD NOT BE PERMITTED TO LEVERAGE MARKET POWER IN MULTICHANNEL VIDEO PROGRAMMING DISTRIBUTION SERVICES TO HARM COMPETITION IN LOCAL, LONG DISTANCE, AND INTERNET MARKETS

The merger of AT&T/TCI would combine the nation's largest single provider of multichannel video programming distribution (MVPD) services, which the Commission has found to have market power, with the world's largest single provider of telecommunications services. Notably, both TCI and AT&T have particular strengths in the residential market where

[17] Application at 15 (emphasis in original).

barriers to facilities-based entry for network-based services to individual homes are the highest and where the Commission has made a strong commitment to encourage competition in both MVPD and telecommunications services.

TCI is currently the largest cable multiple system operator (MSO) in the United States, with over 13 million cable subscribers.[18] TCI alone and with the cable companies with which it has joint ventures passes approximately 34.1 million homes out of 97 million homes with televisions.[19] The Commission has consistently held that cable companies like TCI have market power over MVPD services to their customers in each of the geographic markets they serve. In its annual reports on the status of competition in MVPD markets, the Commission regularly reaffirms that cable firms dominate the MVPD market in each of their local franchise areas. In its most recent report, the Commission concluded that "local markets for the delivery of video programming generally remain highly concentrated and are still characterized by some barriers to both entry and expansion by competing distributors."[20]

AT&T is the largest telecommunications company in the United States and the world.[21] Although its market share has been steadily eroding, AT&T remains the largest interexchange

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[18] Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming, Fourth Annual Report, CS Docket No. 97-141, FCC 97-423 ¶ 161 (rel. Jan. 13, 1998) (Cable Competition Report).

[19] Id. at ¶ 14 and Tables E-1, E-3, E-5 and E-6.

[20] Id. at ¶ 11.

[21] In re Application of Teleport Communications Group, Inc, Transferor, and AT&T Corp., Transferee, For Consent to Transfer Control of Corporations Holding Point-to-Point Microwave Licenses and Authorization to Provide International Facilities-Based and Resold Communications Services, 12 Comm. Reg. (P&F) 1095 at ¶ 3 (1998).

carrier, approximately twice the size of the next largest carrier.[22] AT&T is especially strong in the market for residential long-distance services, with approximately 60-70 million presubscribed residential lines in the United States.[23] According to its Application, AT&T has one of the best recognized brand names in the world. (Application at 24.) For these and other reasons, the Commission has consistently identified AT&T as one of the most significant market participants in the mass market for local exchange and exchange access or bundled local exchange, exchange access and long distance service.[24]

The main purpose of the merger is to combine TCI's cable assets with AT&T's telecommunications assets to produce a company that is greater than the sum of the parts. (Application at 15.) TCI and AT&T themselves argue that together they can sell more services to more customers than either could individually. (Application at 21.) Thus, based on their own characterization of their business strategy, AT&T will leverage TCI's strengths to sell more telecommunications and Internet services than it otherwise would.

Of course, "a large firm does not violate [the antitrust laws] simply by reaping the competitive rewards attributable to its efficient size, nor does an integrated business offend the [antitrust laws] whenever one of its departments benefits from association with a division

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[22] See James Zolnierek and Katie Rangos, Long Distance Market Shares — First Quarter 1998, Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission (June, 1998).

[23] Trends in Telephone Service, February 1998. Of 150 million presubscribed lines, approximately 2/3 are residential. As of July 1996, AT&T had 100 million presubscribed lines, or 67 million residential lines. Assuming each residential household had on average no more than two lines, AT&T would have had over 30 million households as customers.

[24] In re Applications of NYNEX Corporation Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of NYNEX Corporation and Its Subsidiaries, 12 FCC Rcd 19985 at ¶ 82 (1997).

possessing a monopoly in its own market." Berkey Photo, Inc. v. Eastman Kodak Co., 603 F.2d 263, 276 (2d Cir. 1979), cert. denied, 444 U.S. 1093 (1980). To the extent that AT&T/TCI will break the current monopoly of the incumbent LECs and increase competition to provide telecommunications and Internet services to residential and business consumers, consumers and will benefit.

However, competition and therefore consumers are harmed whenever a firm uses monopoly power in one market to acquire an unjustified competitive advantage in another market.[25] Under a monopoly leveraging theory, "a firm violates § 2 [of the Sherman Act] by using its monopoly power in one market to gain a competitive advantage in another, albeit without an attempt to monopolize the second market." Id. at 275; accord Kerasotes Michigan Theatres v. National Amusements, Inc., 854 F.2d 135, 136 (6th Cir. 1988), cert. dism'd, 490 U.S. 1087 (1989); Sargent-Welch Scientific Co. v. Ventron Corp., 567 F.2d 701, 711-13 (7th Cir. 1977).[26] This principle has been strictly applied in the context of tying arrangements. A tying arrangement is "a Contract by a party to sell one product [the tying product] but only on the condition that the buyer also purchases a different (or tied) product . . . ." Northern Pac. Ry. v. United States, 356 U.S. 1, 5-6 (1958). Because they are inherently destructive of competition,

[25] AT&T generally recognizes that the ILECs can leverage bottleneck control of local telephone service to impede competition in related markets. See e.g., Petition of AT&T Corp. To Deny Applications, CC Docket No. 98-141 at 4 (filed Oct. 15, 1998)

[26] Some courts have held that monopoly leveraging does not violate section 2 of the Sherman Act unless the monopolist threatens to achieve market power in the second market. Alaska Airlines v. United Airlines, 948 F.2d 536, 548 (9th Cir. 1991), cert. denied, 503 U.S. 977 (1992); Fineman v. Armstrong World Industries, 980 F.2d 171, 205 (3d Cir. 1992), cert. denied, 507 U.S. 921 (1993). Whatever the right result under the antitrust laws (which automatically impose treble damages for any violation), it is clearly appropriate for the Commission to consider, in the context of its broad public interest analysis, the threat to competition posed by abuse of monopoly power in one market that harms competition in another.

tying arrangements are unlawful per se under the antitrust laws, without further proof of anticompetitive effects, "when the seller has some special ability -- usually called 'market power' -- to force a purchaser to do something that he would not do in a competitive market." Jefferson Parish Hosp. Dist. No. 2 v. Hyde, 466 U.S. 2, 16 (1984).[27]

Here, it is clear that TCI has "appreciable economic power" in the tying product market of MVPD services. See Eastman Kodak Co. v. Image Technical Services, 504 U.S. 451, 464 (1992). As explained above, the Commission has repeatedly found that consumers do not have good substitutes for cable telecommunications service in their localities. It is equally clear that it would be illegal per se under the antitrust laws for TCI to exploit "its control over the tying product to force the buyer into the purchase of a tied product that the buyer either did not want at all, or might have preferred to purchase elsewhere on different terms." Jefferson Parish, 466 U.S. at 12. In addition, the ability of the merged company to carry out a successful tying strategy would be immeasurably enhanced by the fact that it is no stranger to the Internet and telephony markets. After all, AT&T, in its current form, remains the largest telecommunications company in the world and it is a very successful marketer of both telephone and Internet services. The ability of CLECs and ISPs to compete with AT&T/TCI to provide local and Internet services would be materially reduced if the ability of a significant number of AT&T/TCI's customers to exercise their competitive options were impaired. In these, perhaps unique, circumstances it would therefore be contrary to the public interest to permit AT&T/TCI to tie together the sale of cable services, local services, long distance services, and Internet services. Consumers should

[27] Even if a firm does not harm market power over the tied product, the tie may be anticompetitive if it has an actual adverse effect on competition. Jefferson Parish, 466 U.S. at 29.

have the freedom to purchase from AT&T/TCI any one of these services by itself.

The corollary of this proposition is that AT&T/TCI's competitors need to be able to interconnect with AT&T/TCI's network in any reasonable way that permits them to provide cable, local, long distance, or Internet services that AT&T/TCI's customers might prefer to AT&T/TCI's services. It would nullify the ability of a consumer who, for example, subscribes to AT&T/TCI's cable service to exercise competitive choice if she has a nominal right to subscribe competing local or Internet services but competing CLECs or ISPs have no practical way to serve her. Accordingly, AT&T/TCI should permit CLECs, ISPs, and IXCs to interconnect with its network at any technically feasible point that facilitates the ability of consumers to maximize their competitive alternatives.

MCI WorldCom does not contend that AT&T/TCI should be prohibiting from selling a package of all or some of these services to consumers who voluntarily choose to purchase each of them from AT&T/TCI. Nor does MCI WorldCom take the position that AT&T/TCI should be prohibited from providing cost-based discounts to consumers who voluntarily choose to purchase more than one of its services.[28] The condition that MCI WorldCom submits the Commission should impose would prevent AT&T/TCI from using its market power over cable services to require consumers to purchase two or more of these services as a package for one price, whether or not they wanted to purchase all of them or preferred to purchase some from another supplier.

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[28] For example, in recent press reports, TCI indicated that its customers will be to purchase use the cable modem to access the ISP of their choice. There is one significant condition-- the customer must purchase TCI's @Home service as well. Reuters, *TCI Dances Around Internet Access Issues*, (October 23, 1998). In essence, this means that in order for the customer to acquire the service of its ISP of choice, the customer must purchase TCI's bundled cable modem and Internet service. This effective elimination of consumer choice must not prevail upon consummation of this merger. Instead, consumers should be able to make the choice without having to incur the additional cost of the @Home service.

This condition would give AT&T/TCI a full and fair chance to compete on the merits for the local, long distance, and Internet business of its cable customers; it would give consumers a free choice to select the best product at the best price; and it would give other firms an equal competitive opportunity to win the business of these customers.

Conversely, failure to impose this condition would risk the creation of a duopoly especially for residential consumers, with AT&T/TCI and the incumbent LECs dividing between themselves the market for facilities-based network services in those geographic markets where AT&T/TCI or its partners provide cable service. AT&T/TCI should not be allowed to deny competing CLECs, ISPs, or interexchange carriers a fair opportunity to serve customers that would choose a competitive alternative if they had the option to do so. This ability to purchase Internet service and long-distance service from a company other than the provider of cable or local telecommunications services has served consumers extraordinarily well, producing a flowering of competition from hundreds of IXCs and thousands of ISPs. AT&T/TCI offer no justification, much less a legitimate one, for restricting this existing freedom of choice. The Commission should therefore continue its efforts to create a competitive marketplace by conditioning the merger on AT&T/TCI's commitment to provide cable, local, long distance, and Internet services on an unbundled basis.

Finally, because of its dominance and monopoly position in the marketplace, we believe that AT&T/TCI should be subject to unbundling requirements for its platform that are akin to those set forth in section 251(c) of the 1996 Act.[29]

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[29] While MCI WorldCom acknowledges that the merged entity cannot be deemed an ILEC as defined in the Act, we do believe that Congress understood and premised the statutory provision on the notion that CLECs would need access to unbundled network elements as a means of entering the local market. Therefore, because of the ILECs' monopoly position, Congress

A. TCI Should Be Required to Waive Exclusivity

TCI currently ties its information service, @Home, with its high-speed local telecommunications access service. It has exclusive relationships with 17 cable companies in North America and Europe, giving it exclusive access to more than 50% of the households in the U.S. and Canada. TCI controls approximately 72% of the voting power of @Home and has to elect a majority of the members of @Home's board of directors and the power to control management of @Home. @Home's "Principal U.S. Cable Partners" [the largest MSO's] may not, under terms of a Master Distribution Contract (MDA), obtain any high-speed (greater than 128 kbps) residential consumer Internet service from any source other than @Home through June 4, 2002. Such a requirement effectively prevents any other ISP from offering service over AT&T/TCI's high-speed local network. This would give the combination of AT&T and TCI an insurmountable advantage over competitors in offering access to local and regional on-line content. The Commission should therefore require AT&T/TCI to cause @Home to waive the exclusivity obligations in the @Home MDA, which prohibits @Home's Principal U.S. Cable Partners from obtaining high-speed telecommunications access services from any source other than @Home until June 4, 2002.

B. The Commission Must Develop Effective Cable Cost Allocation Rules

Companies with bottleneck control in one market have a strong economic incentive to raise rates to those captive customers in order to subsidize their entry into new, adjacent markets. Doing so increases the likelihood they will extend their market power to these newer markets, and reduces the likelihood this adjacent market will provide a means for other companies to

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deemed it appropriate to require the ILECs provide access to unbundled network elements.

challenge their bottleneck control.

The Commission's existing cable cost allocation rules currently require cable companies to assign directly attributable costs and allocate common costs to three service classifications: basic service, cable programming service (CPS), and other programming services. Internet services will most likely fall into "other programming services."[30] Assuming cable companies provide sufficient detail to justify the assignment and allocation of costs to these service categories, the enforcement of these rules currently prevent either basic or CPS customers from subsidizing cable entry into data or Internet services.

However, pursuant to Section 623(c)(4) of the 1996 Act, by April 1, 1999, only the basic tier of cable services will remain rate regulated, and cable companies may no longer be required to allocate common costs among CPS and other programming services. Once rate regulation for the CPS tier ends, the Commission may be left without a means to separate costs associated with cable programming services from costs associated with the provision of advanced Internet access and other information services. CPS is the most popular service tier on most cable systems. Because of its popularity, it is doubtful that even if they were aware of the situation, many subscribers would opt to avoid subsidizing Internet services by giving up CPS services. Consequently, the Commission must establish cost allocation rules that effectively ensure that neither basic nor CPS customers are forced to subsidize cable provision of data and Internet services.

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[30] Section 602(14) defines "other programming service" to mean "information that a cable operator makes available to all subscribers generally." It would appear that cable Internet-based services that are made available to all subscribers generally and that do not include information that is "subscriber specific" may be considered cable services under this prong of the definition." See OPP Working Paper Series Number 30, *Internet Over Cable: Defining the Future in Terms of the Past*, at 80 August, 1998.

CONCLUSION

For the foregoing reasons, MCI WorldCom requests that the Commission grant the merger based on conditions implemented prior to consummation of their merger: 1) AT&T/TCI should be required to demonstrate that it has plans in place to satisfy its section 251 (a) and (b) obligations with respect to resale, number portability, dialing parity, access to rights-of-way, reciprocal compensation, and interconnection; 2) AT&T/TCI must demonstrate to the Commission, its affirmative plans describing how it will unbundle services so that consumers will have effective choices and how it will unbundle and offer network elements of its cable infrastructure; and 3) AT&T/TCI must cause @Home to waive the exclusivity obligations which prohibits @Home's "Principal U.S. Cable Partners" from obtaining high-speed residential consumer Internet service from any other source other than through @Home until June 4, 2002. The Commission should adopt additional cable cost allocation rules to protect cable subscribers. As a practical matter, it is less difficult and time-consuming for the Commission to enforce any conditions if they are fully implemented before AT&T/TCI is permitted to close its proposed merger.

Respectfully submitted,

MCI WORLDCOM, Inc.

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Dated: October 29, 1998

CERTIFICATE OF SERVICE

I, Lonzena Rogers, do hereby certify, that I have on this twenty-ninth day of October, 1998 served by first-class United States mail, postage paid, a true copy of the forgoeing Comments, upon the following:

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